



May 23, 2006

Mr. David Ikari, Chief
Dairy Marketing Branch
CALIFORNIA DEPT. OF FOOD & AGRICULTURE
1220 N Street
Sacramento, CA 95814

Dear Mr. Ikari:

Dairy Farmers of America respectfully submits the following alternative proposal as it pertains to the public hearing scheduled for July 6, 2006.

The specific changes are to the rates established as transportation allowances for the four different receiving areas listed below.

Our proposal requests the following changes to section 921.2 of the Pooling Plan:

- (a) For plants located in the Bay Area receiving area, which shall consist of the counties of Alameda, Contra Costa, Santa Clara, Santa Cruz, San Francisco, and San Mateo:
 - (1) From zero through 99 miles \$.27 per CWT
 - Over 99 miles through 199 miles \$.34 per CWT
 - Over 199 miles \$.36 per CWT
- (b) For plants located in the Sacramento Area receiving area, which shall consist of the County of Sacramento:
 - (1) From zero through 59 miles \$.15 per CWT
 - Over 59 miles \$.19 per CWT
- (d) For plants located in the North Bay receiving area, which shall consist of the counties of Marin, Solano and Sonoma:
 - (1) From zero through 44 miles \$.20 per CWT
 - Over 44 miles through 99 miles \$.29 per CWT
 - Over 99 miles \$.35 per CWT
- (e) For plants located in the Southern California receiving area, which shall consist of the counties of Los Angeles, Orange, Riverside and Ventura:
 - (1) From zero through 89 miles \$.11 per CWT
 - Over 89 miles through 109 miles \$.36 per CWT
 - Over 109 miles through 139 miles \$.55 per CWT
 - Over 139 miles \$.72 per CWT

The above numbers reflect higher fuel and operating costs and are based in part on published fuel costs the week of May 22, 2006. Should fuel prices continue to change we may modify our request to slightly different figures than those listed above. Although, unlike the last hearing, we have not specifically included a fuel indexing proposal, we would again ask the Department to consider a fuel indexing plan and provide the guidelines and action steps necessary to implement one.

Sincerely,

Gary M. Stueve
V.P. Fluid Milk Operations
Dairy Farmers of America
Western Area Council

Western Area Council

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